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9 UNITED STATES DISTRICT COURT  
10 EASTERN DISTRICT OF WASHINGTON

11 RED 1 INVESTMENTS, INC.,

12 Plaintiff,

13 v.

14 AMPHION INTERNATIONAL LTD.,  
15 AMPHION INTERNATIONAL INC.,

16 Defendants.

NO. CV-06-279-LRS

PRELIMINARY INJUNCTION

17 THIS CAUSE was heard on Plaintiff's verified complaint, its motion for a  
18 temporary restraining order with attached affidavits, and its motion for preliminary  
19 injunction.

20 This Court entered a Temporary Restraining Order in this matter on  
21 September 27, 2006. At that time, the Court made findings which formed the basis  
22 for that order, which findings are incorporated by this reference into this order  
23 granting preliminary injunction.  
24  
25  
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PRELIMINARY INJUNCTION: 1

LAW OFFICES OF  
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1 At the hearing of this motion for preliminary injunction, counsel for Plaintiff  
2 represented to the Court the following:

3  
4 1. That RED 1 Investments, Inc. has proceeded with the actions set forth  
5 in paragraphs 2a, b and c of that order as of October 4, 2006 and that the  
6 property, to the extent it was located, is now being transported to American  
7 Van Service, Inc. in Spokane Washington as set forth in paragraph 2d of the  
8 order.  
9

10 2. That the Temporary Restraining Order was filed in the Superior Court  
11 of the State of Georgia, Muskogee County, on October 4, 2006 and that said  
12 Court mailed notice thereof to the defendants as required by Georgia statute.  
13

14 3. That the Defendants in this matter were each served with process and  
15 all pleadings in this matter in the state of Georgia on October 5, 2006,  
16 including with a copy of the Temporary Restraining Order and with  
17 Plaintiff's motion for preliminary injunction, and that the process servers are  
18 forwarding the appropriate evidence of service to be filed in this action.  
19

20 4. That the Defendants have not contacted Plaintiff or Plaintiff's counsel  
21 to date.  
22

23 5. That the basis for the granting the Temporary Restraining Order has  
24 not changed, and that said Temporary Restraining Order should be converted  
25  
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PRELIMINARY INJUNCTION: 2

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1 to a Preliminary Injunction to remain in effect until such further order of this  
2 court.

3  
4 It appears to the Court that Defendants are and will continue to interfere with  
5 Plaintiff's security interest as set forth in Plaintiff's complaint and affidavits and  
6 have been and will continue to carry out such acts unless restrained by order of this  
7 Court.

8 It further appears that immediate and irreparable injury, loss, and damage  
9 will result to Plaintiff if this order is not granted because:

10  
11 1. Defendants have previously moved the property subject to this order  
12 on multiple occasions without notice to Plaintiff, and there is a genuine fear  
13 that the property may be moved again without notice.

14 2. The property is the primary tangible asset of the Defendants upon  
15 which the Defendant companies exist and upon which Plaintiff's security  
16 interest is based.

17 3. Amphion International, Ltd.'s primary shareholder, John Gill, is  
18 believed to have been convicted of a felony involving racketeering charges  
19 in another court, and is continuing to control the property at a location he  
20 controls, despite the fact that he is no longer an officer or director of  
21 Amphion International, Ltd.

22 4. If the property not yet seized is secreted, lost or destroyed before it is  
23 seized by Plaintiff, the ability of Plaintiff to collect on the substantial debt  
24  
25  
26

PRELIMINARY INJUNCTION: 3

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1 claimed owed by Defendants will be severely jeopardized. Without  
2 possession of the prototypes embodying the technology subject to U.S.  
3 Patents held by Amphion Limited, as well as the written technical data  
4 related thereto, the value of the patents is severely diminished.  
5

6 The Court further finds that there is a likelihood that the Plaintiff will prevail  
7 on its claims at trial. Defendants acknowledge they are in arrears on the payments  
8 required under the Promissory Note at issue, and they acknowledge the Security  
9 Agreement upon which Plaintiff's remedies in this case are based.

10 The Court further finds that the balance of harm to the parties weighs in  
11 favor of the motion for preliminary injunction being granted, particularly as the  
12 property subject to this order, will only be stored pending further order of this  
13 Court. Further, the public interest is served in granting relief in this case.  
14

15 The Court further finds that notice of hearing of this motion has been  
16 provided to Defendants and said Defendants have not appeared or opposed the  
17 granting of this motion.  
18

19 IT IS ORDERED, therefore, that:

- 20 1. The Plaintiff's motion for preliminary injunction is granted.  
21 2. The Temporary Restraining Order entered by this Court on September  
22 27, 2006 is converted to this Preliminary Injunction which shall remain in effect  
23 until further order of this Court.  
24 3. Defendants, Defendants' agents, employees, and all other persons  
25  
26

PRELIMINARY INJUNCTION: 4

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1 firms, or corporations acting or claiming to act in Defendants' behalf, or in concert  
2 or participation with Defendants, and any other individual or entity duly served  
3 with a copy of this order, are hereby restrained and enjoined from interfering with  
4 the plaintiff's security interest.

5  
6 4. Plaintiff Red 1 Investments, Inc. may continue to complete the  
7 following to the extent not already completed:

8 a. Undertake entry into the facilities leased by the defendant located  
9 at 3305 Victory Drive, Columbus, Georgia.

10 b. Take immediate possession of certain collateral, as described in the  
11 Security Agreement between the parties dated March 1, 2004, including, but  
12 not limited to: (1) physical prototypes embodying technology subject to the  
13 defendant's U.S. Patents; (2) hard copy files, computer storage media, and  
14 physical computers containing electronic files of various mechanical  
15 drawings, electronic schematics, chemical formulae, patent data, and  
16 information; and other technical drawings associated with intellectual  
17 property owned by the defendant; (3) items of equipment and inventory for  
18 constructing devices embodying the defendant's intellectual property; and  
19 (4) items containing information related to the United States business  
20 operations, including its accounts and customers.

21 c. To undertake transport of such collateral by Security Storage and  
22 Moving, an agent of North American Van Lines, to its bonded warehouse  
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PRELIMINARY INJUNCTION: 5

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1 located at 4531 Milgen Rd., Columbus, Georgia, where such collateral shall  
2 be stored pending transport to Spokane, Washington.

3 d. To undertake transport of such collateral via agents of Allied Van  
4 Lines, American Van Service, Inc.'s, to its bonded warehouse located at  
5 American Van Service, Inc., 707 W. Geiger Blvd., Spokane, Washington, at  
6 which location the collateral shall remain stored pending judgment or such  
7 other further order of the Court.  
8

9 5. Plaintiff's cash deposit in lieu of a bond filed as required by the  
10 Temporary Restraining Order, in the sum of \$1,000 shall continue to be held by the  
11 Clerk of the Court for payment of such costs and damages as may be incurred or  
12 suffered by any party who may be found to be wrongfully restrained or enjoined.  
13

14  
15 DATED this 11th day of October, 2006.

16  
17 s/Lonny R. Suko

18 

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United States District Judge  
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PRELIMINARY INJUNCTION: 6

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